

FISCAL NOTE

Bill #: HB0501

Title: Government performance and accountability act

Primary Sponsor: Karl Ohs

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$33,000	\$33,700
Revenue:	\$0	\$0
Net Impact on General Fund Balance:	(\$33,000)	(\$33,700)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. State agencies will comply with the pre-review responsibilities set forth in Section 6 by September 1999, at which time the Legislative Auditor will begin performance audits.
2. Sixteen performance audits will be conducted during the 2001 biennium; twenty during the 2003 biennium; twenty-one during the 2005 biennium; and twenty during the 2007 biennium.
3. Each audit will require 3 FTE, comprised of two existing employees and one new employee at a cost of \$30,600 in FY2000, and \$31,500 in FY2001.
4. Operating expenses of \$2,400 in FY2000 and \$2,200 in FY2001 is made up of office expenses, report printing and Legislative Audit Committee travel.

FISCAL IMPACT:

	FY2000	FY2001
Office of Legislative Auditor	<u>Difference</u>	<u>Difference</u>
FTE	1.00	1.00
<u>Expenditures:</u>		
Personal Services	\$30,600	\$31,500
Operating Expenses	<u>2,400</u>	<u>2,200</u>
TOTAL	\$33,000	\$33,700
<u>Funding:</u>		
General Fund (01)	\$33,000	\$33,700
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$33,000)	(\$33,700)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The Treasure State Endowment Program was created by public referendum. Termination would negatively impact local governments by \$7.1 million in FY2006, \$7.7 million in FY2007, \$8.3 million in FY2008, \$8.8 million in FY2009, and more in future years.

LONG-RANGE IMPACTS:

1. The funding for any of the 15 programs slated to terminate on July 1, 2001, that remain in Section 4 after review will be removed from the recommended Executive Budget for the 2003 biennium.
2. The Reverse Annuity Mortgage Program receives no state or federal funds. It was created by the Board of Housing to serve very low-income elderly and the fiscal impact of terminating would be to the borrowers, not to the state.

TECHNICAL NOTES:

1. HB501 would terminate the Unified Investment Program provided for in 17-6-201, MCA. The program is directed by Article VIII, Section 13 of the Montana Constitution, which states that public funds must be administered by the Board of Investments. This raises the question of whether or not it would require a public referendum to terminate the Unified Investment Program or the Board of Investments.
2. On page 15 of the bill, Section 13 strikes subsection (3) which is what enables agencies to purchase supplies at Wal-Mart or other low-cost providers in competition with Central Stores. Central Stores sells four basic commodities: a) office supplies are 33% of sales; b) janitorial products are 10% of sales; c) paper is 49% of sales; d) software is 8% of sales.
3. HB501 would terminate the Seed Capital Projects Program and the Project Loan Program in the Montana Science and Technology Alliance on 07/01/03. These programs already are eliminated in current law at the end of the current biennium and will not be in existence to be terminated on the date proposed in the bill.